

TRADEMARK ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:

NEW ASSIGNMENT

NATURE OF CONVEYANCE:

ASSIGNS THE ENTIRE INTEREST AND THE GOODWILL

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Kingfisher Airlines Limited		06/16/2008	COMPANY: INDIA

RECEIVING PARTY DATA

Name:	Deccan Aviation Limited
Street Address:	35/2, Cunningham Road,
City:	Bangalore-2
State/Country:	INDIA
Entity Type:	CORPORATION: INDIA

PROPERTY NUMBERS Total: 8

Property Type	Number	Word Mark
Serial Number:	77385479	KINGFISHER
Serial Number:	77385516	FLY KINGFISHER
Serial Number:	77385713	FLY KINGFISHER
Serial Number:	77385742	KINGFISHER HOLIDAYS
Serial Number:	77385640	FLY THE GOOD TIMES
Serial Number:	77533914	
Serial Number:	77415227	KINGFISHER AIRLINES
Serial Number:	77399389	TECHXPRESS

CORRESPONDENCE DATA

Fax Number: (202)344-8300

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Correspondent Name: Mark B. Harrison

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TRADEMARK

900115390

REEL: 003847 FRAME: 0740

CH \$215.00 77385479

ATTORNEY DOCKET NUMBER:

31446-255148

DOMESTIC REPRESENTATIVE

Name: Mark B. Harrison

Address Line 1: 575 7th Street N.W.

Address Line 4: Washington, DISTRICT OF COLUMBIA 20004-1601

NAME OF SUBMITTER:

Mark B. Harrison, Esq.

Signature:

/MBH-hrc/

Date:

09/05/2008

Total Attachments: 44

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 vide Court order
 dated. 23-7-2008.

IN THE HIGH COURT OF KARNATAKA AT BANGALORE

Rs. 100/-
 PS to Hon'ble
 MSAT.

DATED THIS THE 16TH DAY OF JUNE, 2008

BEFORE

THE HON'BLE MR. JUSTICE MOHAN SHANTANAGOUDAR

COMPANY PETITION NO. 45/2008 ✓

C/W.

COMPANY PETITION NOS. 46/2008 & 47/2008

CO.P.NO.45/2008:

BETWEEN:

Deccan Charters Limited
 "UB Tower", Level 12
 UB City, No.24, Vittal Mallya Road
 Bangalore-1

.. PETITIONER

(By Sri Uday Holla, learned senior counsel for
 M/s. Holla & Holla, Advs.,)

AND:

Nil

.. RESPONDENT

(By Sri M. Ravindran, senior counsel, Addl. Solicitor General
 for Smt. Veena Jadhav for ROC,

 This petition is filed under Sections 391 to 394 of the
 Companies Act, 1956, praying that for the reasons stated
 therein this Hon'ble Court may be pleased to sanction the



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 and Court for Stamp of Rs. 84/- recd in
 cash.

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amended composite Scheme of Arrangement, proposed by the petitioner-company so as to binding on the equity shareholders of the petitioner-company.

CO.P.NO.46/2008**BETWEEN:**

Kingfisher Airlines Limited
UB Tower, Level 12
UB City, 24, Vittal mallya Road
Bangalore-1

.. PETITIONER

(By Sri Uday Holla, learned senior counsel for
M/s.Holla & Holla, Advs.,)

AND:**Nil****.. RESPONDENT**

(By Sri M.Ravindran, senior counsel, Addl.Solicitor General
for Smt.Veena Jadhav for ROC,

This petition is filed under Sections 391 to 394 of the Companies Act, 1956, praying that for the reasons stated therein this Hon'ble Court may be pleased to sanction the amended composite Scheme of Arrangement, proposed by the petitioner-company so as to bind the petitioner-company and their respective shareholders and creditors.

CO.P.NO.47/2008:**BETWEEN:**

Deccan Aviation Limited
35/2, Cunningham Road
Bangalore-52

.. PETITIONER

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AND:

(By Sri Uday Holla, learned senior counsel for
M/s. Holla & Holla, Advs.,)

AND:

Nil

.. RESPONDENT

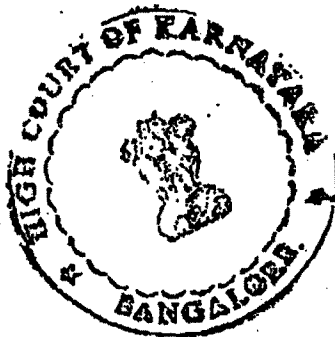
(By Sri M. Ravindran, senior counsel, Addl. Solicitor General
for Smt. Veena Jadhav for ROC,
Sri M.R. Ravindranath-Objector, rep. by ,, Raman, Adv.,)

This petition is filed under Sections 391 to 394 of the Companies Act, 1956, praying that for the reasons stated therein this Hon'ble Court may be pleased to sanction the amended composite Scheme of Arrangement, proposed by the petitioner-company so as to binding on the petitioner-company and their respective shareholders and creditors.

All these petitions coming on for orders, this day the Court made the following:-

ORDER

These petitions are filed under Sections 391 to 394 of the Companies Act, 1956, (for short hereinafter referred to as the 'Act'), for obtaining the sanction of the Court to the Composite Scheme of Arrangement.



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(hereinafter called as the "scheme") between Kingfisher Airlines Limited (Kingfisher), Deccan Charters Limited (DCL), and Deccan Aviation Limited (Deccan).

2. DCL, the petitioner-company in Co.P.No.45/2008 was incorporated on 21.5.2007, with the Registrar of Companies, Karnataka, as Kingfisher Aviation Training Limited. The name of Kingfisher Aviation Training Limited was changed to Deccan Charters Limited and a certificate consequent to change of name was obtained on 7.2.2008, which was issued by the Registrar of Companies, Karnataka, Bangalore. An up-to-date copy of the Memorandum and Articles of Association of DCL is produced at Annexure-A to the petition. The Registered Office of DCL is situated at U.B. Tower, Level 12, UB City, No.24, Vittal Mallya Road, Bangalore-1.



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3. The authorized share capital of DCL is Rs.100,000,000/- comprising of 10,000,000 equity shares of Rs.10/- each. The issued and subscribed capital of the company is Rs.100,000,000/- comprising of 10,000,000 equity shares of Rs.10/- each fully paid up and paid capital is Rs.50,000,010/- comprising of 5,000,001 equity shares of Rs.10/- each fully paid up and Rs.3,999,999.20 comprising of 4,999,999 equity shares of Rs.10/- each, Rs.0.80 per share paid up, totaling of Rs.54,000,009.20.

4. The main object of DCL is to own, manage, run charter, conduct, contract, handle and operate all types of helicopters used in air transport for the carriage of passengers, goods, mails and other items on all routes and lines on national and international level subject to the laws in force and to act as commission agents, booking agents, indenting agents, travel agents, fleet owners, garage owners, service station owners, cargo



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superintendents, cargo owners, loading and unloading contractors, couriers, liaisoners, charterers, package tour operators, etc.

5. The Board of Directors of the DCL has approved and adopted the Scheme of Arrangement at its meeting held on 31.1.2008, by virtue of which, the Charter Service Operations Undertaking of Deccan is proposed to be transferred to DCL. The Composite Scheme of Arrangement proposes to transfer the Charter Services Operations Undertaking of Deccan into the petitioner-company under the provisions of Sections 391 to 394 of the Act. If it is approved by this Court, it will take effect from the Slump Sale Appointed Date, i.e., 1st January, 2008. According to the petitioner-company, the Scheme of Arrangement is in the interest of the company and its shareholders and creditors.



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This Court dispensed with the convening of meeting of equity shareholders, secured and unsecured creditors in CA.No.210/2008. Thereafter, on 25.4.2008 the Co.P.No.45/2008 is filed by the DCL. Notice of the petition was published in "Asian Age" and "Vijaya Karnataka" on 16.5.2008.

6. Kingfisher, the petitioner-company in Co.P.No.46/2008 was incorporated on 26.7.2004 with the Registrar of companies, Karnataka. Its Registered Office is situated at UB Tower, Level 12, UB City, No.24, Vittal Mallya Road, Bangalore-1. An up-to date copy of Memorandum of Association and Articles of Association is produced at Annexure-A, to the petition.

7. The authorized share capital of Kingfisher is Rs.11,500,000,000/- comprising of 425,000,000 equity shares of Rs.10/- each amounting to Rs.4,250,000,000 and 72,500,000 6% redeemable preference shares of



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Rs.100/- each amounting to Rs.7,250,000,000/-. The issued, subscribed and paid up capital of the company is Rs.4,004,111,500/- comprising of 303,411,150 equity shares of Rs.10/- each fully paid up, amounting to Rs.3,034,111,500/- and 9,700,000 6% redeemable preference shares of Rs.100/- each, amounting to Rs.970,000,000/-.

8. The main object of Kingfisher as set out in the Memorandum of Association *inter alia* is to establish, maintain and operate air transport operations, including air services, air lines and lines of aerial conveyances (including scheduled passenger air transport services and lines, and chartered domestic and international services and lines) for carriage of passengers, baggage, mails, freight, cargo and merchandise of all and every kind and description whether as principals, agents or otherwise and to set up



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flyng services both as private and public carriers on national and international routes, etc.

9. On 31.1.2008, the Board of Directors of Kingfisher approved the Scheme. The Composite Scheme of Arrangement proposes to demerge the Commercial Airline Division Undertaking of the Petitioner-company into Deccan on a going concern basis. The demerger of the Commercial Airline Division Undertaking of the petitioner-company into Deccan on a going concern basis is proposed under the provisions of Sections 391 to 394 of the Act.

10. By the order dated 20.3.2008, in CA.No.209/2008, this Court has ordered convening the meeting of shareholders, secured and unsecured creditors. The advertisement of notice convening the said meeting was published on 27.3.2008 in "Asian Age" and "Vijaya Karnataka" newspapers, fixing the date of



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meeting as 17.4.2008. Accordingly, on 17.4.2008 the meeting of preference shareholders, equity shareholders, secured and unsecured creditors was held. One preference shareholder holding 97,00,000 6% redeemable non-cumulative preference shares of Rs.100/- each fully paid, voted in favour of the scheme. Eleven equity shareholders holding 26,85,05,781 equity shares of Rs.10/- each fully paid up, voted in favour and none voted against the scheme. The meeting of the equity shareholders of the company approved the scheme by requisite majority. Six secured creditors, to whom Rs.9,940,928,949/- was due, voted in favour and none voted against the scheme. The meeting of the secured creditors of the company approved the scheme by requisite majority. Twenty unsecured creditors to whom Rs.1710,00,25,692.29 was due, voted in favour and none voted against the scheme. The meeting of the unsecured creditors approved the scheme by requisite



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majority. Thereafter Co.P.No.46/2008 is filed by the Kingfisher on 25.4.2008. Notice of the petition was published in "Asian Age" and "Vijaya Karnataka" newspapers on 16.5.2008.

11. Deccan, the petitioner-company in Co.P.No.47/2008 was incorporated on 15.6.1995 in the name of Deccan Aviation Private Limited with the Registrar of Companies, Karnataka. The name of the company was changed to Deccan Aviation Limited and certificate of incorporation consequent upon the change of name is issued on 14.3.2005 by the Registrar of Companies, Karnataka. The Registered Office is situated at 35/2, Cunningham Road, Bangalore-2. The Memorandum of Association and Articles of Association is produced at Annexure-A, to the petition.

The main objects of Deccan under which it is validly entitled to and carries on the business of charter



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and scheduled airlines business are set out in the Memorandum of Association.

12. The authorized share capital of Deccan is Rs.5,000,000,000/- comprising of 4,00,000,000 equity shares of Rs.10/- each, amounting to Rs.4,000,000,000 and 1,00,00,000 preference shares of Rs.100/- each amounting Rs.1,000,000,000/-. The issued, subscribed and paid up capital of the company as on 31.5.2008 is Rs.1,358,682,130/- comprising of 1,358,682,13 equity shares of Rs.10/- each fully paid up.

13. The Board of Directors of the company approved the Scheme in its meeting held on 31.1.2008, by virtue of which, the Charter Services Operations Undertaking of the petitioner-company is proposed to be transferred to DCL and the Scheduled Airline Division Undertaking of Kingfisher is proposed to be demerged and transferred into the petitioner-company on a going



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concern basis and the goodwill, if any, arising after giving effect to the accounting treatment as described in para-13 of the Scheme shall be set off against the securities premium amount balance as on June 30, 2008. The reduction of securities premium account as mentioned above in this Scheme shall be effected as an integral part of this Scheme and not under a separate process in terms of Sections 78 and 100 to 103 of the Act as the same does not involve either diminishing of liabilities in respect of unpaid share capital or any paid up capital. The Bombay Stock Exchange and National Stock Exchange have conveyed their No Objection to the company for this Composite Scheme of arrangement in terms of the listing agreement. No objections received from the said Stock Exchanges are produced at Annexure-H to the petition.

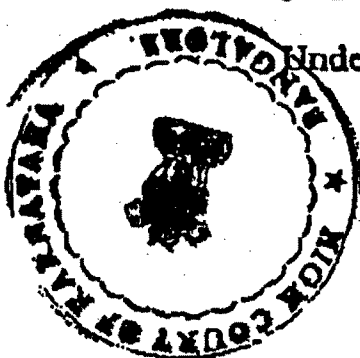
14. It is proposed to consolidate the two Scheduled Airline business of Kingfisher and the



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petitioner-company in a single entity to create a more competitive business, both in scale and scope of operations. The proposed consolidation would help in optimizing cost, revenue and capital synergies and lead to overall shareholder value enhancement and achieve operational synergies. Hence, the Composite Scheme of Arrangement is proposed to demerge the Scheduled Airline Division Undertaking of Kingfisher into the petitioner-company on a going concern basis. The demerger of the Scheduled Airline Division Undertaking of Kingfisher into the petitioner-company on a going concern basis is proposed under the provisions of Sections 391 to 394 of the Act. The said Scheme will take effect from the demerger appointed date, i.e., 1st of April, 2008.

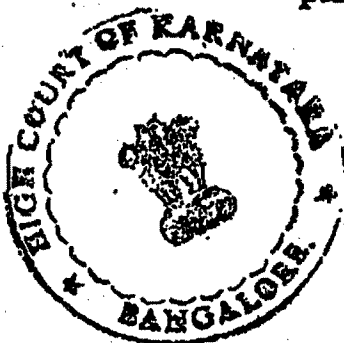
15. The Composite Scheme of Arrangement also proposes to transfer the Charter Services Operations Undertaking of the petitioner-company into DCL under



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the provisions of Section 391 to 394 of the Act and the same, if approved and sanctioned by this Court, will take effect from the Slump Sale Appointed Date, i.e., 1st of January, 2008. The Charter Services Operations of the petitioner-company, which currently contributes approximately 2% of the total revenue of the petitioner-company is being hived off into a separate entity.

16. As per the Composite Scheme of Arrangement, pursuant to the transfer of the Charter Services Operations Undertaking of the petitioner-company into DCL, a sum of Rs.69 crores shall be paid by DCL to the petitioner-company as consideration. Further, as per the Composite Scheme of Arrangement, pursuant to the demerger of the Scheduled Airline Division Undertaking of Kingfisher into the petitioner-company on a going concern basis, the petitioner-company shall allot equity shares of the face value of rs. 10/- each credited as fully paid up in the capital of the petitioner-company, to the



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shareholders of Kingfisher, whose names appear in the Register of Members on the Record Date in the following ratio: "3 equity shares of Rs.10/- each in the petitioner-company shall be issued and allotted for every 7 fully paid up equity shares of Rs.10/- each held in Kingfisher" and as regards the preference shareholder of Kingfisher, following preference shares will be issued and allotted by the petitioner-company to the preference shareholder of Kingfisher as on the Demerger Record Date: "1 (one) fully paid up 6% redeemable non-cumulative preference share of Rs.100/- in the petitioner-company shall be allotted for every 1 (one) 6% redeemable non-cumulative preference share of Rs.100/- each held in Kingfisher."

17. This Court by the order dated 20.3.2008 in CA.No.208/2008 ordered convening the meeting of equity shareholders, secured and unsecured creditors.

Accordingly, the advertisement of convening the meeting

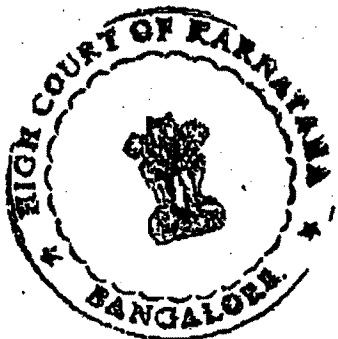


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was published on 27.3.2008 in "Asian Age" and "Vijaya Karnataka" fixing the date of meeting as 17.4.2008. Accordingly, on that day, the meeting was held under the Chairmanship of Dr. Vijay Mallya.

18. Ninetyeight equity shareholders holding 9,21,68,755 equity shares of Rs.10/- each fully paid up, voted in favour of the scheme and 2 shareholders representing 58 equity shares of Rs.10/- each fully paid up, voted against the scheme and 6 votes were invalid. The meeting of the equity shareholders of the company approved the scheme by requisite majority. Eight secured creditors to whom Rs.788,33,72,807/- was due, voted in favour and none voted against the scheme. The meeting of the secured creditors of the company approved the scheme by requisite majority. 18 unsecured creditors to whom Rs.26,75,280,389/- was due, voted in favour and none voted against the scheme. The meeting of the unsecured creditors approved the



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scheme by requisite majority. Thereafter, Co.P.No.47/2008 is filed by Deccan on 25.4.2008. The notice of the petition was published in "Asian Age" and "Vijaya Karnataka" on 16.5.2008, as ordered by this Court.

19. The Regional Director, Ministry of Corporate Affairs, Southern Region, Chennai, has filed his objections in the form of affidavit through Sri V.C.Davey, the Registrar of Companies, Bangalore, in all these three petitions. Though in the affidavit, 6 to 7 objections were raised, the Assistant Solicitor General of India, appearing on behalf of the Registrar of Companies, confined to only three objections, submitted that details of valuation of Rs.69 crores, for the sale of Charter Services Operations Undertaking of "Deccan" to DCL as found in Clause 5 of the Scheme, are not given. He further submitted that the change of name of the companies causes confusion to the public and therefore



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the procedure as contemplated under Sections 21 and 23 of the Companies Act has to be followed. He further submitted that the United Breweries (Holdings) Limited has violated the provisions of Section 108-A of the Act in not taking permission by the Central Government while acquiring the shares.

20. One of the shareholders by name M.R.Ravindranath, holding one share, has filed an application seeking permission to have his say in the matter as he is one among the two shareholders who opposed the Scheme. The said application is opposed by the petitioners. However, Sri Ravindranath was permitted to have his say in the matter. He is represented by Sri B.V.Raman, learned advocate. It is submitted by Sri B.V.Raman that the demerger may affect the interest of workmen, inasmuch as there will be disparity of wages among the workmen belonging to Kingfisher and Deccan. He further submits that in



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order to avoid the stamp duty, the petitioners-companies have planned for the scheme relating to demerger.

21. Clause-5 of the Scheme specifies consideration of Rs.69 crores for sale of undertaking of Deccan to DCL. The consideration would be discharged by DCL within 30 days from the Slump Sale Effective Date or such date as may be mutually decided by the Board of Directors of Deccan/DCL. In this regard it is contended by the Assistant Solicitor General that the detailed valuation as to how the sale consideration of Rs.69 crores is arrived at, is not forthcoming. The said contention cannot be accepted, inasmuch as M/s. Grant Thornton, one of the leading Accountants, who have valued the charter services operations/business carried on by Deccan at Rs.69.10 Crores. While doing so, the Chartered Accountants have taken into consideration various relevant factors. Their report contains every



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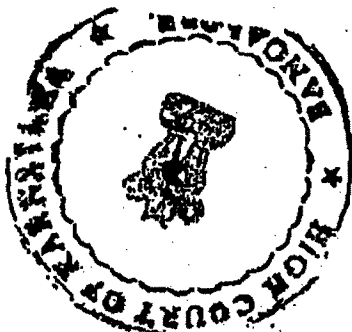
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detail and is self explanatory. The value of the business is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may be prepared to pay a substantial goodwill. The valuation of charter business of Deccan Aviation Limited is carried out by M/s. Grant Thornton based on cash flow method, net asset value method and comparable company market multiple method. Based on such valuation, they estimated the equity value of the charter business of Deccan at Rs.691 million, i.e., Rs.69.10 crores. The detailed report of M/s. Grant Thornton is produced before this Court. The same was also made available to the shareholders, creditors for their perusal. The said valuation report was also sent to the Office of the Central Government. They have not raised any objection for the report till filing of these petitions. Only about 1½ months after filing the petitions, the said objection is raised by the Central Government. As



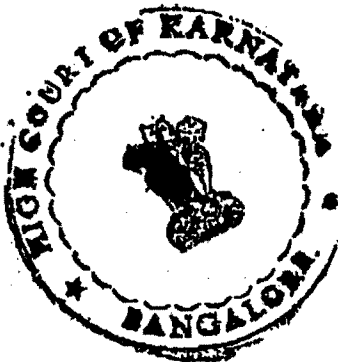
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aforementioned, the said objection cannot be sustained in view of the fact M/s. Grant Thornton, have taken into consideration various factors and have valued the business. More over the valuation is accepted by almost all the shareholders and the creditors unanimously. This Court cannot sit in appeal over the commercial wisdom of the shareholders and the creditors. Sections 391 and 394 of the Act spell out the nature of information and documents to be furnished to the members and the creditors before taking a decision with regard to proposal of scheme of demerger/amalgamation. It is not in dispute that such information and documents are furnished. When once the decision is taken with requisite majority for demerger, it is not open for one or two members of the company to abuse of the process of the Court. Thus, the said contention fails.



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22. With regard to change of name as aforementioned, the learned Assistant Solicitor General submitted that the change of the name of the company would cause confusion to the public and therefore the approval of the Central Government has to be taken for change of name as per Section 21 of the Act. There cannot be any dispute that the companies have to take necessary permission from the Central Government under Section 21 of the Act for change of name. This Court while dealing with similar situation, has ruled that the scheme in so far as it relates to change of name will become operative only after obtaining permission from the Central Government as required under Section 21 of the Act. In view of the same, in this matter also, it is hereby made clear that the change of name will only be after obtaining approval of the Central Government as required under Section 21 of the Act.



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23. The further submission of the learned Assistant Solicitor General is that the United Breweries (Holdings) Limited, has violated Section 108-A, as it did not take permission of the Central Government while acquiring shares. Though it is contended by the petitioners that Section 108-A of the Act is not applicable to the facts of the case, during the course of arguments, Sri Udaya Holla, learned senior counsel appearing on behalf of the petitioners submitted that already a notice is issued by the Central Government against United Breweries (Holdings) for initiating action under Section 108-A of the Act. It is also brought to the notice of the Court that the said United Breweries (Holdings) had already replied to the said notice. If it is so, the said objection does not hold good any more, as further proceedings will take place under Section 108-A of the Act.



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24. Except the aforementioned three objections, no other objections were raised by the Assistant Solicitor General. Though other 2 to 3 objections are raised by the Registrar of Companies in the statement of objections, as the said objections are not pressed into during the course of arguments, this Court holds that those objections are not pressed subsequently.

25. As aforementioned, it is contended by one of the Objectors viz., Ravindranath that aspect of payment of stamp duty or revenue is not mentioned in the scheme. This objection also cannot be sustained, inasmuch, stamp duty is payable only after sanctioning of the scheme. It is not necessary to specify the stamp duty in the scheme. Immediately after sanctioning of the scheme, the valuation report will be prepared and accordingly the petitioners are liable to pay the stamp duty as per law.



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26. The another objection raised by Sri Ravindranath is that the interest of the workmen should be safeguarded. According to him, there will be disparity of wages if a portion of the business of the company is merged with another company. In the reply statement, it is made clear by the petitioners that even after demerger, the workmen will draw the same salary as they were drawing from the parent organization. If it is so, there will be no grievance of the workmen at all. More over, no single workman has approached this Court by raising the said objection.

27. According to the petitioners, the proposed amended Composite Scheme will be beneficial for the respective petitioners, and creditors and will result in more competitive business. The proposed amended Composite Scheme of Arrangement will be beneficial and in the overall interest of the companies in question and their respective Members and Creditors and will

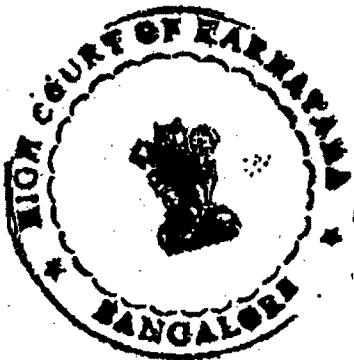


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facilitate scaling up of operations, full time management attention, appropriate funding as well as market development on a standalone basis which would enhance shareholder value, after the sanction of the amended Composite Scheme of Arrangement. The said submission made by the petitioners is supported by the shareholders, secured and unsecured creditors by not raising any voice in the General Body Meeting. In this view of the matter, it is a fit case to sanction the amended Composite Scheme of Arrangement proposed by the petitioners-companies. Accordingly, the following order is made:-

The amended Composite Scheme of Arrangement¹ proposed by the petitioners-companies is sanctioned. The same will be binding on equity shareholders, secured creditors and unsecured creditors of the petitioners-companies.



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The Registry is directed to draw up decree as per Form No.42.

The petitioners-companies shall file a certified copy of the order with the Registrar of Companies within *thirty days* from the date of the order.

Petitions are *allowed* accordingly.

Sd/-
Judge



*ck/-

"TRUE COPY"

Sd/- K. Lalitha Bai Sd/- 5/8/08
Section Officer
High Court of Karnataka
Bangalore-560 001.

- 1) The date on which the application was made 4/8/08
- 2) The date on which charges and additional charges if any are called for 5/8/08
- 3) The date on which charges and additional charges, if any are deposited/died 5/8/08
- 4) The date on which the copy is ready 5/8/08
- 5) The date of notifying that the copy is ready for delivery 5/8/08
- 6) The date on which the affidavit is required to appear in of before 8/8/08
- 7) The date on which copy is delivered to the applicant 5/8/08
- 8) Received by K. Sreedevi

Pages 1 to 28 are
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vide court order
dated 23-7-2008

Pls to Honble Mest.

COMPOSITE SCHEME OF ARRANGEMENT

BETWEEN

KINGFISHER AIRLINES LIMITED

AND

DECCAN CHARTERS LIMITED

AND

DECCAN AVIATION LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

TRADEMARK

REEL: 003847 FRAME: 0771

COMPOSITE SCHEME OF ARRANGEMENT

BETWEEN

KINGFISHER AIRLINES LIMITED

AND

DECCAN CHARTERS LIMITED

AND

DECCAN AVIATION LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

**Under Sections 391 to 394 read with Sections 78, 100 to 103 and other
applicable provisions of the Companies Act, 1956**

This Composite Scheme of Arrangement is presented under Section 391 and other applicable provisions of the Companies Act, 1956, for transfer of the Non Scheduled Air Transport Services (Passenger) (Charter Services Operations) of Deccan Aviation Limited ("Deccan") to Deccan Charters Limited ("DCL") and the demerger of the Scheduled Air Transport Services (Passenger) undertaking (Commercial Airline Division) of Kingfisher Airlines Limited ("Kingfisher") into Deccan on a going concern basis and consequent reduction of share capital and/or securities premium of Kingfisher / Deccan.

Preamble

Deccan is presently engaged in the following businesses:

1. Scheduled Air Transport Services (Passenger) (Commercial Airline Business); and
2. Non Scheduled Air Transport Services (Passenger) (Charter Services Operations).

Kingfisher is presently engaged in the following businesses:

1. Scheduled Air Transport Services (Passenger) (Commercial Airline Business);
2. Ground handling services ; and
3. Training academy.

Kingfisher was promoted by United Breweries (Holdings) Limited (holding company of the UB Group) in 2005. In 2007 UB Group acquired stake in Deccan via preferential allotment followed by open offer and market purchase from public shareholders. It is now proposed to consolidate the two scheduled commercial airline businesses in a single entity to create a more competitive business, both in scale and scope of operations. The proposed consolidation would help in optimizing cost, revenue and capital synergies and lead to overall shareholder value enhancement and achieve operational synergies.

The Scheme is divided into the following parts:

- (I) Part A – dealing with definitions and share capital;
- (II) Part B – dealing with transfer of the Charter Services Operations Undertaking of Deccan into DCL;
- (III) Part C – dealing with the demerger of the Commercial Airline Division Undertaking of Kingfisher into Deccan and;
- (IV) Part D – dealing with General Terms and Conditions.

PART A

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meaning:

1.1 "Act" means the Companies Act, 1956.

1.2 "Charter Services Operations Undertaking" means the helicopter / fixed wing plane Charter Services Operations of Deccan and shall also include all the assets and liabilities / provisions related to such helicopter / fixed wing plane Charter Services Operations as set out in Schedule II hereto, and in particular includes the following:

1.2.1 any and all immovable property, including land, buildings, movable assets including aircraft, plant, machinery and equipments, whether leased or otherwise, any and all rights, title, interest, covenant, undertakings, liabilities including continuing rights, title and interest in connection with the immovable properties whether leasehold or otherwise comprised in this business undertaking together with all present and future liability including contingent liability and debts appertaining to this business undertaking, as per the records of Charter Services Operations of Deccan;

1.2.2 any other property or assets real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent, owned, held, used or otherwise enjoyed by Charter Services Operations of Deccan;

1.2.3 any and all permits, quotas, rights, entitlements, licenses, tenancies, service-P marks, patents, copyrights, privileges and benefits of all contracts, agreements and all other rights including lease rights, licenses, time slots, parking slots, landing rights, work permit for expatriate pilots, perpetual license to use the trademark "Deccan" for operating the helicopter/fixed wing planes, powers and facilities of every kind and description whatsoever appertaining to this business undertaking, as per the records of Charter Services Operations of Deccan;

1.2.4 any and all debts, borrowings and liabilities, present or future, whether secured or unsecured, pertaining to the business undertaking, as per the records of Charter Services Operations of Deccan;

1.2.5 any and all permanent, temporary, daily rated casual, badlies and contractual employees of Charter Services Operations of Deccan engaged in or in relation to this business undertaking at their respective offices, branches, or otherwise at their current terms and conditions as per the records of Charter Services Operations of Deccan;

1.2.6 any and all earnest monies and/or security deposits, or other entitlements in connection with or relating to this business undertaking, as per the records of Charter Services Operations of Deccan; and

1.2.7 any and all investments and loans and advances including accrued interest, in connection with or relating to this business undertaking, as per the records of Charter Services Operations of Deccan.

Any question that may arise as to whether a specified asset / liability including contract, agreement, employees etc., pertains or does not pertain to the Charter Services Operations Undertaking or whether it arises out of the activities or operations of the Charter Services Operations Undertaking shall be decided mutually by the Board of Directors of Deccan and DCL.

1.3 "Commercial Airline Division Undertaking" means Scheduled Air Transport Services (Passenger) of Kingfisher and shall also include all the assets and liabilities / provisions related to such airline division as set out in Schedule I hereto, and in particular includes the following :

1.3.1 any and all immovable property, including land, buildings, movable assets including aircrafts, plant, machinery and equipments, vehicles, whether leased or otherwise, any and all rights, title, interest, covenant, undertakings, liabilities including continuing rights, title and interest in connection with the immovable properties whether leasehold or otherwise comprised in this business undertaking together with all present and future liability including contingent liability and debts appertaining to this business undertaking, as per the records of Kingfisher;

1.3.2 any other property or assets real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent, owned, held, used or otherwise enjoyed by Kingfisher in relation to this business undertaking;

1.3.3 any and all approvals, permits, quotas, rights, entitlements, licences, no objection certificates and other certificates including those issued by the Government / Government Authorities, tenancies, trademarks, service-P marks, patents, copyrights, privileges and benefits of all contracts, agreements and all other rights including lease rights, licences, time slots, Aircraft parking slots, landing rights, work permits, powers and facilities of every kind and description whatsoever pertaining to this business undertaking including aircrafts, personnel as per the records of Kingfisher;

1.3.4 any and all debts, borrowings and liabilities, present or future, whether secured or unsecured, pertaining to this business undertaking, as per the records of Kingfisher;

1.3.5 any and all permanent, temporary, daily rated casual, badlies and contractual employees of Kingfisher engaged in or in relation to this business undertaking at their respective offices, branches, or otherwise at their current terms and conditions as per the records of Kingfisher;

1.3.6 any and all earnest monies and/or security deposits, or other entitlements in connection with or relating to this business undertaking, as per the records of Kingfisher; and

1.3.7 any and all investments and loans and advances including accrued interest, in connection with or relating to this business undertaking, as per the records of Kingfisher.

Any question that may arise as to whether a specified asset / liability including contract, agreement, employees etc., pertains or does not pertain to the Commercial Airline Division Undertaking or whether it arises out of the activities or operations of the Commercial Airlines Division Undertaking shall be decided mutually by the Board of Directors of Kingfisher and Deccan.

- 1.4 "Court" or "High Court" means the High Court of Karnataka at Bangalore, and shall include the National Company Law Tribunal, if any.
- 1.5 "Deccan" means Deccan Aviation Limited, a company incorporated under the Companies Act, 1956, having its registered office at 35/2, Cunningham Road, Bangalore - 560052.
- 1.6 "DCL" means Deccan Charters Limited, a company incorporated under the Companies Act, 1956, having its registered office at UB Anchorage, 5th Floor, 100/1, Richmond Road, Bangalore - 560052.
- 1.7 "Demerger Appointed Date" means April 1, 2008, or such other date as the High Court may direct / fix.
- 1.8 "Demerger Effective Date" means the date on which the certified copies of the Orders of the High Court of Karnataka at Bangalore sanctioning the Scheme are filed with the Registrar of Companies at Karnataka, Bangalore.
- 1.9 "Demerger Record Date" means the date to be fixed jointly by the Board of Directors of Kingfisher and Deccan for the purpose of determining the shareholder(s) of Kingfisher to whom the shares of Deccan will be allotted pursuant to this Scheme becoming effective, in terms of Demerger Effective Date.
- 1.10 "Slump Sale Appointed Date" means January 1, 2008 or such other date as the High Court may direct / fix.
- 1.11 "Slump Sale Effective Date" means the later of the date on which the certified copies of the Orders of the High Court of Karnataka at Bangalore sanctioning the Scheme are filed with the Registrar of Companies at Karnataka, Bangalore or DCL obtaining a Non Scheduled Operators Permit in terms of Civil Aviation Requirements ("CAR") - Section III Air Transport Series C Part III dated 08th October 1999 as amended to date.
- 1.12 "Kingfisher" means Kingfisher Airlines Limited, a company incorporated under the Companies Act, 1956 having its registered office at UB Anchorage, Richmond Road, Bangalore 560 025.
- 1.13 "Remaining Undertaking of Kingfisher" means all the undertakings, businesses, activities and operations of Kingfisher other than Commercial Airline Division Undertaking.
- 1.14 "Scheme" or "the Scheme" or "this Scheme" means this Composite Scheme of Arrangement in its present form submitted to the Court for sanction or with any modification(s) approved or imposed or directed by the Court.

2. SHARE CAPITAL:

2.1 Details of the share capital of Kingfisher as at March 31, 2007 is given below :

Particulars	Amount (in Rs.)
Authorised Share Capital	
300,000,000 Equity Shares of Rs. 10/- each	3,000,000,000
10,000,000 6% Redeemable Preference Shares of Rs. 100/- each	1,000,000,000
Total	4,000,000,000
Issued, Subscribed and Paid up Capital	
260,009,114 Equity Shares of Rs. 10/- each	2,600,091,140
9,700,000 6% Redeemable Preference Shares of Rs. 100/- each	970,000,000
Total	3,570,091,140

Subsequent to March 31, 2007, the Authorised, Issued, Subscribed and Paid-up share capital of Kingfisher has been altered. As of January 31, 2008, Authorised, Issued, Subscribed and Paid-up share capital of Kingfisher is as under:

Particulars	Amount (in Rs.)
Authorised Share Capital	
425,000,000 Equity Shares of Rs. 10/- each	4,250,000,000
72,500,000 6% Redeemable Preference Shares of Rs. 100 each	7,250,000,000
Total	11,500,000,000
Issued, Subscribed and Paid up Capital	
303,411,150 Equity Shares of Rs. 10/- each	3,034,111,500
9,700,000 6% Redeemable Preference Shares of Rs. 100 each	970,000,000
Total	4,004,111,500

2.2 Details of the share capital of Deccan as at June 30, 2007 is given below :

Particulars	Amount (in Rs.)
Authorised Share Capital	
150,000,000 Equity Shares of Rs. 10/- each	Rs. 1,500,000,000
Issued, Subscribed and Paid up Capital	
135,470,118 Equity Shares of Rs. 10/- each	Rs. 1,354,701,180

Subsequent to June 30, 2007, the Authorised, Issued, Subscribed and Paid-up share capital of Deccan has been altered. As of January 31, 2008, the Authorised, Issued, Subscribed and Paid-up share capital of Deccan is as under :

Particulars	Amount (in Rs.)
Authorised Share Capital	
150,000,000 Equity Shares of Rs. 10/- each	Rs. 1,500,000,000
Issued, Subscribed and Paid up Capital	
135,781,223 Equity Shares of Rs.10/- each	Rs. 1,357,812,230

2.3 Details of the share capital of Deccan Charter Limited as at January 31, 2008 is given below:

Particulars	Amount (in Rs.)
Authorised Share Capital	
10,000,000 Equity Shares of Rs.10/- each	100,000,000.00
Issued and Subscribed Capital	
10,000,000 Equity Shares of Rs.10/- each	100,000,000.00
Paid-up Capital	
5,000,001 Equity Shares of Rs. 10/- each fully paid up -	50,000,010.00
4,999,999 Equity Shares of Rs. 10/- each, Rs.0.80 per share paid up	3,999,999.20
Total	84,000,009.20

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

3.1 Each part of the Scheme, set out herein in its present form or with any modifications(s) in accordance with Clause 25 of the Scheme shall be effective from the respective Appointed Dates specified for the respective part/s but the Scheme as a whole shall be operative from the respective Effective Date.

PART B

PART B – SLUMP SALE OF CHARTER SERVICES OPERATIONS UNDERTAKING OF DECCAN TO DCL

4. TRANSFER OF CHARTER SERVICES OPERATIONS UNDERTAKING

4.1. With effect from the Slump Sale Appointed Date, and upon the Scheme becoming effective, in terms of Slump Sale Effective Date, the Charter Services Operations Undertaking as specified in Clause 1.2 of Part A hereof, shall pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act, without any further act or deed, stand transferred as a going concern, to DCL, and the Charter Services Operations Undertaking shall consequently vest in DCL with effect from the said date for all the estate and interest of Deccan therein, subject however, to all charges, liens, lispendens, mortgages and encumbrances, if any, affecting the same or any part thereof and arising out of the liabilities which shall also stand transferred to DCL. The transfer and vesting shall be effected as follows:-

- (i) In the event that the Board of Directors of Deccan and DCL so desire, in respect of such of the assets of the Charter Services Operations Undertaking as are moveable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall be transferred by Deccan to DCL as provided in Clause 4.2 below and shall not vest in DCL by virtue of the order of the Court.
- (ii) In respect of any remaining assets of the Charter Services Operations Undertaking, other than those referred to in sub-clause (i) above, the same shall, without any further act, instrument or deed, be transferred and vested in and/or be deemed to be transferred to and vested in DCL pursuant to an Order being made thereof under Section 394 of the Act.

4.2. In the event that the Board of Directors of Deccan and DCL so decide as provided in Clause 4.1(i) above, the transfer and vesting of movable assets referred in Clause 4.1(i) shall be effected as follows:

- i) All the movable assets of Deccan in relation to Charter Services Operations Undertaking or assets otherwise capable of transfer by manual delivery or by endorsement and delivery, including cash in hand shall be physically handed over by manual delivery to DCL to the end and intent that the property therein passes to DCL on such delivery, without requiring any deed or instrument of conveyance for the same and shall become the property of DCL accordingly.
- ii) In respect of movable assets, other than those specified in sub-clause (i) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or value to be received, bank balances and deposits, if any, Deccan shall give notice in such form as it may deem fit and proper to each party, debtors or depositor of Deccan as the case may be, that pursuant to the Order of the Court sanctioning the Scheme, the said debt, loan, advances, etc. be paid or made good or held on account of DCL as the person entitled thereto, to the end and intent that the right of Deccan to recover or realise the same stands extinguished, and that such rights to recover or realise the same shall vest in DCL. DCL may, if required, give notice in such form as it may deem fit and proper to each person, debtor or depositor that pursuant to the Order of the Court sanctioning the Scheme, the said person, debtor or depositor should pay the debt, loan or advance or make good the same or hold the same to the account of DCL and that the right of DCL to recover or realise the same is in substitution of the right of Deccan.

- 4.3. With effect from the Slump Sale Appointed Date and upon the Scheme becoming effective, in terms of Slump Sale Effective Date, the land, together with the buildings standing thereon relating to the Charter Services Operations Undertaking, and any documents of title/rights and easements in relation thereto shall be vested in and transferred to and/or be deemed to have been and stand transferred to and vested in DCL and shall belong to DCL. With effect from the Slump Sale Effective Date, DCL shall in relation to the properties of the Charter Services Operations Undertaking transferred to DCL under Part B of this Scheme, be liable for ground rent and municipal taxes. The mutation of the title to the immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in terms of Slump Sale Effective Date, in accordance with the terms hereof, in favour of DCL. Any inchoate title or possessory title of Deccan or its predecessor companies in relation to the Charter Services Operations Undertaking shall be deemed to be the title of DCL.
- 4.4. With effect from the Slump Sale Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of Deccan relating to the Charter Services Operations Undertaking, whether provided for or not in the books of accounts of Deccan as on the date preceding the Slump Sale Appointed Date, and all liabilities of Deccan relating to the Charter Services Operations Undertaking which may arise or accrue after the Slump Sale Appointed date but which relates to the period upto the date immediately preceding the Slump Sale Appointed Date shall, under the provisions of Sections 391 to 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to DCL so as to become as from the Slump Sale Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of DCL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause. After the Slump Sale Effective Date, DCL undertakes to meet, discharge and satisfy the liabilities referred to in this Clause 4.4 to the exclusion of Deccan and to keep Deccan indemnified at all times from and against all such debts, liabilities, duties and obligations and from and against all actions, demands and proceedings in respect thereto.
- 4.5. Any reference in any security documents or arrangements relating to loans and liabilities of Deccan in connection with the Charter Services Operations Undertaking, to the assets of Deccan which it has offered or agreed to be offered as security to such secured creditors of Deccan in connection with the Charter Services Operations Undertaking, shall be construed as reference only to the assets pertaining to the Charter Services Operations Undertaking as are vested in DCL by virtue of this Scheme.
- 4.6. Provided that the Scheme shall not operate to enlarge or extend the security for any loan, deposit or facility availed by Deccan in connection with the Charter Services Operations Undertaking, and DCL shall not be obliged to create any further or additional security therefor after the Slump Sale Effective Date or otherwise unless specifically agreed to by DCL with such secured creditors and subject to the consents and approvals of the existing secured creditors of DCL.
- 4.7. With effect from the Slump Sale Appointed Date and upon the Scheme becoming effective, in terms of Slump Sale Effective Date, all permits, quotas, rights, entitlements, licences including those relating to tenancies, trademarks, patents, copy rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Charter Services Operations Undertaking to the benefit of which the Charter Services Operations Undertaking may be eligible and which are subsisting or having effect immediately before the Slump Sale Appointed Date, shall be and remain in full force and effect in favour of, or against, DCL as the case may be, and may be enforced fully and effectually as if, instead of Deccan, DCL had been a beneficiary or obligee thereto.
- 4.8. With effect from the Slump Sale Appointed Date and upon the Scheme becoming effective, in terms of Slump Sale Effective Date, any transferable statutory licenses, permissions or approvals or consents held by Deccan required to carry on operations in the Charter Services Operations Undertaking shall stand vested in or transferred to DCL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of DCL. The benefit of all transferable statutory and regulatory permissions, factory licenses, environmental approvals and consents including the transferable statutory licenses, permissions or approvals or consents required to carry on the operations of the Charter Services Operations Undertaking shall vest in and become available to DCL pursuant to the Scheme. Any no-objection certificates, licenses, permissions, consents, approvals, authorizations, registrations or statutory rights as are jointly held by the Charter Services Operations Undertaking and any other undertaking of Deccan shall be deemed to constitute separate licenses, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights, and the relevant or concerned statutory authorities and licensors shall endorse and/or mutate or record the separation, upon the filing of the Scheme as sanctioned with such authorities and licensors after the same becomes effective, in terms of Slump Sale Effective Date, so as to facilitate the continuation of operations of the Charter Services Operations Undertaking in DCL without any hindrance or let from the Slump Sale Appointed Date.
- 4.9. Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, sales / service tax remissions, holidays, incentives, concessions and other authorizations relating to the Charter Services Operations Undertaking, shall stand transferred by the Order of the Court to DCL, DCL shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the vesting Order of the sanctioning Court.
- 4.10. For the purpose of giving effect to the Order passed by the Court under Sections 391 and 394 in respect of this Scheme, DCL shall at any time pursuant to the orders on this Scheme be entitled to get the recordal of the change in the title and appurtenant legal right(s) upon the vesting of such assets of the Charter Services Operations Undertaking in DCL. Upon

the Scheme becoming effective in terms of Slump Sale Effective Date, and with effect from the Slump Sale Appointed Date it shall constitute a creation/ modification of charge in the name of DCL in accordance with the provisions of Section 127 of the Act and satisfaction of charge in respect of Deccan in accordance with Section 138 of the Act, if there are any existing charges attaching to the Charter Services Operations Undertaking.

5. CONSIDERATION

- 5.1. The Consideration, for the sale of Charter Services Operations Undertaking referred to in Clause 1.2, would be equal to Rs. 69 Crores. The Consideration would be discharged by DCL within 30 days of the Slump Sale Effective Date or such date, as may be mutually decided by the Board of Directors of Deccan / DCL.
- 5.2. DCL will pay interest @ 10% p.a. to Deccan on the slump sale consideration, if the consideration is not paid by July 1, 2008.

6. ACCOUNTING TREATMENT

- 6.1. In the books of Deccan
The difference between the book value of Charter Services Operations Undertaking and value of consideration received as per Clause 5 above shall be credited / debited by Deccan to Profit and Loss Account as "Profit / Loss on sale of Charter Services Operations Undertaking", as the case may be.
- 6.2. In the books of DCL
DCL will record the assets and liabilities of Charter Services Operations Undertaking by allocating the purchase consideration over the assets and liabilities acquired.

7. STAFF, WORKMEN & EMPLOYEES

- 7.1. On the Scheme becoming operative, all staff, workmen and employees of Charter Services Operations Undertaking in service on Slump Sale Effective Date shall be deemed to have become staff, workmen and employees of DCL without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with DCL shall not be less favorable than those applicable to them with reference to Charter Services Operations Undertaking of Deccan on the Slump Sale Effective Date.
- 7.2. It is expressly provided that, on the Scheme becoming effective, in terms of Slump Sale Effective Date, the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Trusts created or existing for the benefit of the staff, workmen and employees of Charter Services Operations Undertaking of Deccan shall become the trusts/funds of DCL for all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of Charter Services Operations Undertaking of Deccan in relation to such Fund or Funds shall become those of DCL. It is clarified that the services of the staff, workmen and employees of Charter Services Operations Undertaking of Deccan will be treated as having been continuous for the purpose of the said Fund or Funds.

8. TRANSACTIONS RELATING TO CHARTER SERVICES OPERATIONS UNDERTAKING BETWEEN THE SLUMP SALE APPOINTED DATE AND SLUMP SALE EFFECTIVE DATE

- 8.1. During the period between the Slump Sale Appointed Date and the Slump Sale Effective Date :

- i) Deccan shall be deemed to have held and stood possessed of and shall hold and stand possessed of the Charter Services Operations Undertaking for and on account of and in trust for DCL;
- ii) All the profits or income accruing or arising to Charter Services Operations Undertaking of Deccan, or expenditure or losses arising or incurred by Deccan on account of the Charter Services Operations Undertaking, shall for all purposes be treated and deemed to accrue as profits or income or expenditure or losses (as the case may be) of DCL;
- iii) Deccan shall not utilize the profits or income, if any, relating to the Charter Services Operations Undertaking for the purpose of declaring or paying any dividend or for any other purpose in respect of the period falling on and after the Slump Sale Appointed Date, without the prior written consent of DCL; and
- iv) Deccan shall not alienate, charge, mortgage, encumber or otherwise deal with the Charter Services Operations Undertaking or any part thereof without the prior written concurrence of the Board of Directors of DCL.

9. LEGAL PROCEEDINGS AND INDEMNITY

- 9.1. All legal proceedings of whatsoever nature by or against Deccan pending and/or arising at the Slump Sale Appointed Date and relating to the Charter Services Operations Undertaking of Deccan, as and from the Slump Sale Effective Date, shall be continued and enforced by or against DCL in the manner and to the same extent as would or might have been continued and enforced by or against Deccan. On and from the Slump Sale Effective Date, DCL shall and may, if required, initiate any legal proceedings in relation to the Charter Services Operations Undertaking.
- 9.2. After the Slump Sale Appointed Date, if any proceedings are taken against Deccan in respect of the matters referred to in the sub-clause 9.1 above, it shall defend the same at the cost of DCL and DCL shall reimburse and indemnify Deccan against all liabilities and obligations incurred by Deccan in respect thereof.

- 9.3. DCL undertakes to have all legal or other proceedings initiated by or against Deccan referred to in Clause 9.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against DCL to the exclusion of Deccan.

PART C

10. VESTING OF COMMERCIAL AIRLINE DIVISION UNDERTAKING OF KINGFISHER INTO DECCAN

10.1. With effect from the Demerger Appointed Date, and upon the Scheme becoming effective, in terms of Demerger Effective Date, the Commercial Airline Division Undertaking as specified in Clause 1.3 of Part A hereof, shall pursuant to the provisions of Sections 391 to 394 and all other applicable provisions of the Act, stand transferred as a going concern, to Deccan, at book values, in accordance with Section 2(19AA) of the Income Tax Act, 1961, and the Commercial Airline Division Undertaking shall consequently vest in Deccan with effect from the said date for all the estate and interest of Kingfisher therein, subject however, to all charges, liens, lispendens, mortgages and encumbrances, if any, affecting the same or any part thereof and arising out of the liabilities which shall also stand transferred to Deccan. The transfer and vesting shall be effected as follows:-

- (i) In the event that the Board of Directors of Deccan and Kingfisher so desire, in respect of such of the assets of the Commercial Airline Division Undertaking as are moveable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall be transferred by Kingfisher to Deccan as provided in Clause 10.2 below and shall not vest in Deccan by virtue of the Order of the Court.
- (ii) In respect of any remaining assets of the Commercial Airline Division Undertaking, other than those referred to in sub-clause (i) above, the same shall, without any further act, instrument or deed, be transferred and vested in and/or be deemed to be transferred to and vested in Deccan pursuant to an Order being made thereof under Section 394 of the Act.

10.2. In the event that the Board of Directors of Deccan and Kingfisher so decide as provided in Clause 10.1(i) above, the transfer and vesting of movable assets referred in Clause 10.1(i) shall be effected as follows:

- (i) All the movable assets of Kingfisher or assets otherwise capable of transfer by manual delivery or by endorsement and delivery, including cash in hand shall be physically handed over by manual delivery to Deccan to the end and intent that the property therein passes to Deccan on such delivery, without requiring any deed or instrument of conveyance for the same and shall become the property of Deccan accordingly.
- (ii) In respect of movable assets, other than those specified in sub-clause (i) above, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or value to be received, bank balances and deposits, if any, Kingfisher shall give notice in such form as it may deem fit and proper to each party, debtors or depositors of Kingfisher as the case may be, that pursuant to the Order of the Court sanctioning the Scheme, the said debt, loan, advances, etc. be paid or made good or held on account of Deccan as the person entitled thereto, to the end and intent that the right of Kingfisher to recover or realise the same stands extinguished, and that such rights to recover or realise the same shall vest in Deccan. Deccan may, if required, give notice in such form as it may deem fit and proper to each person, debtor or depositor that pursuant to the Order of the Court sanctioning the Scheme, the said person, debtor or depositor should pay the debt, loan or advance or make good the same or hold the same to the account of Deccan and that the right of Deccan to recover or realise the same is in substitution of the right of Kingfisher.

10.3. With effect from the Demerger Appointed Date and upon the Scheme becoming effective, in terms of Demerger Effective Date, the land, together with the buildings standing thereon relating to the Commercial Airline Division Undertaking, and any documents of title/rights and easements in relation thereto shall be vested in and transferred to and/or be deemed to have been and stand transferred to and vested in Deccan and shall belong to Deccan. With effect from the Demerger Effective Date, Deccan shall in relation to the properties of the Commercial Airline Division Undertaking transferred to Deccan under Part C of this Scheme, be liable for ground rent and municipal taxes. The mutation of the title to the immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and upon the Scheme becoming effective, in terms of Demerger Effective Date, in accordance with the terms hereof, in favour of Deccan. Any inchoate title or possessory title of Kingfisher or its predecessor companies in relation to the Commercial Airline Division Undertaking shall be deemed to be the title of Deccan.

10.4. With effect from the Demerger Appointed Date, all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of Kingfisher relating to the Commercial Airline Division Undertaking, whether provided for or not in the books of accounts of Kingfisher as on the date preceding the Demerger Appointed Date, and all liabilities of Kingfisher relating to the Commercial Airline Division Undertaking which may arise or accrue after the Demerger Appointed date but which relates to the period upto the date immediately preceding the Demerger Appointed Date shall, under the provisions of Sections 391 to 394 of the Act, without any further act or deed, be transferred to or be deemed to be transferred to Deccan so as to become as from the Demerger Appointed Date the debts, liabilities, contingent liabilities, duties and obligations of Deccan and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause. After the Demerger Effective Date, Deccan undertakes to meet, discharge and satisfy the liabilities referred to in this Clause to the exclusion of Kingfisher and to keep Kingfisher indemnified at all times from and against all

such debts, liabilities, duties and obligations and from and against all actions, demands and proceedings in respect thereto.

- 10.5. Any reference in any security documents or arrangements relating to loans and liabilities of Kingfisher in connection with the Commercial Airline Division Undertaking, to the assets of Kingfisher which it has offered or agreed to be offered as security to such secured creditors of Kingfisher in connection with the Commercial Airline Division Undertaking, shall be construed as reference only to the assets pertaining to the Commercial Airline Division Undertaking as are vested in Deccan by virtue of this Scheme.
- 10.6. Provided that the Scheme shall not operate to enlarge or extend the security for any loan, deposit or facility availed by Kingfisher in connection with the Commercial Airline Division Undertaking, and Deccan shall not be obliged to create any further or additional security therefor after the Demerger Effective Date or otherwise unless specifically agreed to by Deccan with such secured creditors and subject to the consents and approvals of the existing secured creditors of Deccan.
- 10.7. With effect from the Demerger Appointed Date and upon the Scheme becoming effective, in terms of Demerger Effective Date, all permits, quotas, rights, entitlements, licences including those relating to tenancies, trademarks, patents, copy rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Commercial Airline Division Undertaking to the benefit of which the Commercial Airline Division Undertaking may be eligible and which are subsisting or having effect immediately before the Demerger Appointed Date, shall be and remain in full force and effect in favour of, or against, Deccan as the case may be, and may be enforced fully and effectually as if, instead of Kingfisher, Deccan had been a beneficiary or obligee thereto.
- 10.8. With effect from the Demerger Appointed Date and upon the Scheme becoming effective, in terms of Demerger Effective Date, any transferable statutory licences, permissions or approvals or consents held by Kingfisher required to carry on operations in the Commercial Airline Division Undertaking shall stand vested in or transferred to Deccan without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of Deccan. The benefit of all transferable statutory and regulatory permissions, factory licences, environmental approvals and consents including the transferable statutory licences, permissions or approvals or consents required to carry on the operations of the Commercial Airline Division Undertaking shall vest in and become available to Deccan pursuant to the Scheme. Any no-objection certificates, licences, permissions, consents, approvals, authorizations, registrations or statutory rights as are jointly held by the Commercial Airline Division Undertaking and any other undertaking of Kingfisher shall be deemed to constitute separate licences, permissions, no-objection certificates, consents, approvals, authorities, registrations or statutory rights, and the relevant or concerned statutory authorities and licensors shall endorse and/or mutate or record the separation, upon the filing of the Scheme as sanctioned with such authorities and licensors after the same becomes effective, in terms of Demerger Effective Date, so as to facilitate the continuation of operations of the Commercial Airline Division Undertaking in Deccan without any hindrance or let from the Demerger Appointed Date.
- 10.9. Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, sales / service tax remissions, holidays, incentives, concessions and other authorizations relating to the Commercial Airline Division Undertaking, shall stand transferred by the Order of the Court to Deccan, Deccan shall file the relevant intimations, if any, for the record of the statutory authorities who shall take them on file, pursuant to the vesting Order of the sanctioning Court.
- 10.10. For the purpose of giving effect to the Order passed by the Court under Section 391 and 394 in respect of this Scheme, Deccan shall at any time pursuant to the Order on this Scheme be entitled to get the recordal of the change in the title and appurtenant legal right(s) upon the vesting of such assets of the Commercial Airline Division Undertaking in Deccan. Upon the Scheme becoming effective, in terms of Demerger Effective Date, and with effect from the Demerger Appointed Date it shall constitute a creation/ modification of charge in the name of Deccan in accordance with the provisions of Section 127 of the Act and satisfaction of charge in respect of Kingfisher in accordance with Section 138 of the Act, if there are any existing charges attaching to the Commercial Airline Division Undertaking.

11. EMPLOYEE STOCK OPTIONS

- 11.1. In respect of the outstanding employee stock option under the Kingfisher Airlines Ltd., Employees Stock Option Plan dated December 19, 2007 ("Kingfisher Stock Option Scheme"), in the hands of the employees of the Commercial Airline Division Undertaking, it is hereby clarified that the options which have been granted but have not been vested in the hands of the employees of the Commercial Airline Division Undertaking as of the Effective Date would lapse. Deccan will issue stock options to the employees of the Commercial Airline Division Undertaking, on the terms (including considering period of employment with Kingfisher) and conditions not less favorable than those of the Kingfisher Stock Option Scheme, whose options under Kingfisher Stock Option Scheme have lapsed pursuant to this Clause.
- 11.2. The options which have been granted to the employees of Charter Service Operations Undertaking under the Deccan Employee Stock Option Plan 2005 and Deccan Employee Stock Option Plan 2006, but have not vested in the employees of the Charter Service Operations Undertaking as of the Slump Sale Effective Date would lapse.

- 11.3. The grant of options to the employees of Kingfisher pursuant to the Clause 11.1 of this Scheme shall be effected as an integral part of the Scheme and the shareholders approval of this Scheme and the High Court sanctioning the Scheme shall be deemed to be an approval of the shareholders under Section 81 (1A) of the Companies Act and SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as applicable.
- 11.4. For the avoidance of doubt it is hereby clarified that upon the coming into effect of this Scheme, the options granted, under and pursuant to the Kingfisher Airlines Ltd., Employees Stock Option Plan dated December 19, 2007 to the employees of the Remaining Undertaking of Kingfisher as of the Demerger Effective Date would continue and the exercise price of such options would be suitably re-priced in order to compensate the employees of Remaining Undertaking of Kingfisher for reduction in the intrinsic value of Kingfisher pursuant to the de-merger of Commercial Airline Division Undertaking.

12. ISSUE OF SHARES BY DECCAN

- 12.1. Deccan shall, to the extent required under this Scheme, increase its Authorised Share Capital in order to issue Equity and Preference Shares under this Scheme.
- 12.2. Upon this Scheme becoming effective, in terms of Demerger Effective Date, Deccan shall without any further application or deed, but subject to necessary approvals, issue and allot to each member of Kingfisher, holding fully paid up Equity Shares in Kingfisher and whose name appears in the Register of Members of Kingfisher on the Demerger Record Date or his/her heirs, executors, administrators or the successors-in-title, as the case may be, in respect of every 7 fully paid-up Equity Shares of Rs. 10 each held by each such member of Kingfisher, 3 Equity Shares of Rs. 10 each in Deccan credited as fully paid-up with rights attached thereto as under:
- The Equity Shares to be issued and allotted in terms hereof will be subject to the Memorandum and Articles of Association of Deccan and shall rank pari passu with the existing equity shares of Deccan in all respects including dividend.
 - The Equity Shares to be issued by Deccan shall, subject to the approval from the stock exchanges, be listed on every stock exchange where the shares of Deccan are listed as on the Demerger Record Date.
 - The equity shares allotted pursuant to Scheme shall remain frozen in the depositories system till listing / trading permission is given by the designated Stock Exchange.
 - The Equity Shares of Deccan will be issued in dematerialized form to those equity shareholders who hold the shares of Kingfisher in dematerialized form, provided all details relating to the account with the depository participant are available to Deccan. All those equity shareholders who hold shares of Kingfisher in physical form will be issued Equity Shares of Deccan in physical form unless otherwise communicated in writing by the shareholders on or before such date as may be determined by the Board of Directors of Kingfisher / Deccan or a committee thereof.
 - In case any member's holding equity shares in Kingfisher is such that the member becomes entitled to a fraction of an equity share of Deccan, the member shall acquire the balance fractional share from any other member such that he becomes entitled to receive one complete share (instead of the fractional share) and inform the Deccan of such acquisition. Unless so informed by the member, Deccan, shall not issue share certificates to any member and fractional entitlement, if any, issued shall lapse within 30 days of their issue.
- 12.3. In the event there being any pending share transfer, whether lodged or outstanding, of any shareholder of Kingfisher, the Board of Directors or any committee of Deccan shall be empowered even subsequent to the Demerger Record Date, to effectuate such transfer as if such changes in the registered holder were operative from the Record Date.
- 12.4. In addition to above, as regards the preference shareholders of Kingfisher, following Preference Shares will be issued and allotted by Deccan to the preference shareholders as on the Demerger Record Date:
 "1 (one) fully paid up 6% Redeemable Non-Cumulative Preference Share of Rs 100/- of Deccan each for every 1(one) 6% Redeemable Non-Cumulative Preference Share of Rs 100/- each held in Kingfisher".
- 12.5. The issue and allotment of Equity and Preference Shares to the members of Kingfisher, as provided in this Scheme, shall be deemed to be made in compliance with the procedure laid down under Section 81(1A) and any other provisions of the Act.
- 12.6. The Preference shares issued by Deccan pursuant to the Scheme will not be listed on any Stock exchange(s).
- 12.7. Deccan shall, to the extent required of this Scheme, increase its Authorised Share Capital in order to issue Equity and Preference shares under this Scheme.

13. ACCOUNTING TREATMENT IN THE BOOKS OF DECCAN

- 13.1. Deccan shall, upon the Scheme becoming operative, record the assets / liabilities (including provisions) and the balance in miscellaneous expenditure account of the Commercial Airline Division Undertaking (as appearing in the books of accounts of Kingfisher) on the Demerger Appointed Date, vested in it pursuant to this Scheme, at their book values as appearing in the books of Kingfisher, at the close of the business of the day immediately preceding the Demerger Appointed Date.

- 13.2. Deccan shall credit to its share capital account, the aggregate face value of the Equity Shares issued by it to members of Kingfisher pursuant to this Scheme.
- 13.3. Deccan shall credit to its share capital account, the aggregate face value of the Preference Shares issued by it to the preference shareholders of Kingfisher pursuant to this Scheme.
- 13.4. The excess, if any, remaining after recording the aforesaid entries in sub clause 13.1 to 13.3 above shall be credited by Deccan to the General Reserve Account and shall be deemed to be General Reserves under the provisions of the Act. The deficit, if any, will be debited to Goodwill Account, as the case may be.

14. REORGANISATION OF CAPITAL OF DECCAN

- 14.1. The goodwill, if any, arising after giving effect to the accounting treatment as described in para 13 shall be set-off against the securities premium account balance as on June 30th, 2008. The reduction of securities premium account as mentioned above in this Scheme shall be effected as an integral part of this Scheme and not under a separate process in terms of Sections 78 and 100 to 103 of the Act as the same does not involve either diminishing of liabilities in respect of unpaid share capital or any paid up capital.

15. ACCOUNTING TREATMENT IN THE BOOKS OF KINGFISHER

- 15.1. The excess of book value of assets over book value liabilities transferred will be debited to Demerger Deficit Account and if there is a surplus, the same will be credited to Demerger Surplus Account.

16. REORGANISATION OF CAPITAL OF KINGFISHER

- 16.1. The debt balance in the profit and loss account as on March 31, 2008 shall be adjusted against the following, in the order specified, to the extent required:

1. Demerger Surplus Account;
2. Securities Premium Account;
3. Preference Share Capital account; and
4. Equity Share Capital account

The reduction, if any, in the Equity Share Capital shall be achieved by cancellation of requisite number of shares proportionately from all the shareholders of Kingfisher. The reduction of capital as mentioned above in this Scheme shall be effected as a part of this Scheme itself and not under a separate process in terms of Sections 78 and 100 to 103 of the Act as the same does not involve either diminishing of liabilities in respect of unpaid share capital or any paid up capital.

17. CHANGE OF NAME

- 17.1. With effect from the Demerger Effective Date, the name of Kingfisher shall, without any further act or deed, be changed from "Kingfisher Airlines Limited" to "Kingfisher Training and Aviation Services Limited".
- 17.2. With effect from the Demerger Effective Date, the name of Deccan shall, without any further act or deed, be changed from "Deccan Aviation Limited" to "Kingfisher Airlines Limited".

18. CONDUCT OF BUSINESS BY KINGFISHER TILL DEMERGER EFFECTIVE DATE

- 18.1. With effect from the Demerger Appointed Date and upto and including the Demerger Effective Date:
 - (a) Kingfisher shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Commercial Airline Division Undertaking of Kingfisher for and on behalf of Deccan.
 - (b) All income, expenditures including management costs, profits accruing to Kingfisher and all taxes thereof or losses arising or incurred by it relating to the Commercial Airline Division Undertaking of Kingfisher shall, for all purposes, be treated as the income, expenditures, profits, taxes or losses, as the case may be, of Deccan.
 - (c) Kingfisher shall not utilize the profits or income, if any, relating to the Commercial Airline Division Undertaking for the purpose of declaring or paying any dividend or for any other purpose in respect of the period falling on after the Demerger Appointed Date, without the prior written consent of Deccan.
 - (d) Kingfisher hereby undertakes upto and including the Demerger Effective Date to carry on its business with proper prudence and without the prior written consent of Deccan not to alienate, charge or otherwise deal with or dispose off the Commercial Airline Division Undertaking or any part thereof (except in the usual course of business) or undertake substantial expansion of its existing business pertaining to the Commercial Airline Division Undertaking.

19. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 19.1. Subject to the other provisions contained in this Scheme all contracts, deeds, bonds, agreements and other instruments of whatever nature relating to the Commercial Airline Division Undertaking to which Kingfisher is a party subsisting or having effect immediately before the arrangement shall remain in full force and effect against or in favour of Deccan and may be enforced as fully and effectually as if instead of Kingfisher, Deccan had been a party thereto.

- 19.2. With effect from the Appointed date, all permits, quotas, rights, Industrial and other licences, branches, offices, depots and godowns, trade marks, trade names, know-how and other intellectual property, patents, copyrights, privileges and benefits of all contracts, agreements and all other rights including lease rights, licenses, powers and facilities of every kind, nature and description whatsoever pertaining to the Commercial Airline Division Undertaking of Kingfisher to which Kingfisher is a party or to the benefit of which Kingfisher may be eligible and which are subsisting or having effect immediately before the Demerger Effective Date, shall be and remain in full force and effect in favour of or against Deccan as the case may be, and may be enforced as fully and effectually as if, instead of Kingfisher, Deccan had been a party or beneficiary or obligee thereto.
- 19.3. With effect from the Demerger Appointed Date, any transferable statutory licenses, no objection certificates, permissions or approvals or consents required to carry on operations in the Commercial Airline Division Undertaking of Kingfisher shall stand vested in or transferred to Deccan without further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of Deccan upon the vesting and transfer of Commercial Airline Division Undertaking of Kingfisher pursuant to the Scheme. The benefit of all transferable statutory and regulatory permissions, factory licenses, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the Commercial Airline Division Undertaking shall vest in and become available to Deccan pursuant to the Scheme.
- 19.4. Deccan, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, will execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Commercial Airline Division Undertaking of Kingfisher to which Kingfisher is a party in order to give formal effect to the above provisions. Deccan shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of Kingfisher and to carry out or perform all such formalities or compliances referred to above on part of Kingfisher and any and all formalities required on the part of Kingfisher to give effect to the provisions of this Scheme.

20. LEGAL PROCEEDINGS

- 20.1 All legal or other proceedings including any suits, appeals, arbitrations, execution proceedings, references, review, revisions, writ petitions, if any, by or against Commercial Airline Division Undertaking of Kingfisher under statute, whether pending on the Demerger Appointed Date or which may be instituted in future in respect of any matter arising before the Demerger Effective Date and relating to the Commercial Airline Division Undertaking (including those relating to any property, right, power, liability, obligation or duties of Kingfisher in respect of the Commercial Airline Division Undertaking) shall be continued and enforced by or against Deccan only in the manner and to the same extent as would or might have been continued and enforced by or against Kingfisher.
- 20.2 If proceedings are taken against Kingfisher, Kingfisher will defend the same as per advice of Deccan at the cost of Deccan and Deccan shall reimburse and indemnify Kingfisher against all liabilities and obligations incurred by Kingfisher in respect thereof.
- 20.3 Deccan undertakes to have all legal or other proceedings initiated by or against Kingfisher referred to in Clause 20.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against Deccan to the exclusion of Kingfisher.

21. STAFF, WORKMEN AND EMPLOYEES

- 21.1. All permanent and temporary employees of Kingfisher engaged in the Commercial Airline Division Undertaking and who are in the employment of Kingfisher shall stand transferred to Deccan with continuity of service and on the same terms and conditions on which they are engaged as on the Demerger Effective Date by Kingfisher. Deccan shall undertake to continue to abide by any of the Agreement/Settlement etc. entered into by Kingfisher in respect of Commercial Airline Division Undertaking with any Union/employees of Commercial Airline Division Undertaking. Deccan agree that the service of all such employees with Kingfisher upto the Demerger Appointed Date shall be taken into account for purposes of all retirement benefits for which they may be eligible in Kingfisher upto the Demerger Effective Date. Deccan further agree that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits such past services with Kingfisher shall also be taken into account and agrees and undertakes to pay the same as and when payable.
- 21.2. Deccan undertakes that the existing Employees Welfare measures including Provident Fund, Gratuity fund, Superannuation Fund or any other Special fund or trust created or existing for the employees of the Commercial Airline Division Undertaking shall be continued for the benefit of such employees, including employees who may join Deccan after the Demerger Appointed Date on the same terms and conditions and with effect from such day Deccan shall make the necessary contributions for such employees taken over by Deccan until Deccan constitutes its own arrangements and obtains necessary approval for the same.

22. TERM LOAN AND BANK BORROWINGS/FACILITIES

- 22.1. Kingfisher has obtained term loans and bank borrowings/facilities from banks and financial institutions in respect of the Commercial Airline Division Undertaking against the security of the assets of the said division created as per the details given in Schedule I hereto.

- 22.2 Pursuant to the Scheme, Deccan agrees and undertakes to pay the said term loans and bank/borrowings/facilities with interest cost, charges and expenses as remain due upto the Demerger Effective date, pertaining to the Commercial Airline Division Undertaking vested in it under the Scheme and comply with all terms and conditions on which such loans have been granted with such modification as the said institution/banks may stipulate.
- 22.3 The securities created by Kingfisher in favour of any of the financial institutions/banks as mentioned hereinabove for the amounts of their outstanding loans, borrowings/facilities on the movable and immovable properties of the Commercial Airline Division Undertaking, will continue to be in full force and effect and shall remain binding on Deccan for the amount of debt, liabilities, and obligations.
- 22.4 All loans raised after the Demerger Appointed Date but before the Demerger Effective Date and used and liabilities incurred by Kingfisher after the Demerger Appointed Date but before the Demerger Effective Date for operations of the Commercial Airline Division Undertaking shall be discharged by Deccan in the due and normal course of business.

23. SAVING OF CONCLUDED TRANSACTIONS AND PROCEEDINGS

- 23.1 The transfer of and the vesting of the Commercial Airline Division Undertaking under Clause 10 above and the continuance of proceedings by or against Deccan under Clause 20 above shall not affect any transaction or proceeding already concluded by Kingfisher in respect of the Commercial Airline Division Undertaking on or after the Demerger Appointed Date till the Demerger Effective Date, to the end and intent that Deccan accepts and adopts all acts, deeds and things done by Kingfisher in respect thereto as done and executed on its behalf.

PART D

24. APPLICATIONS TO HIGH COURT OR SUCH OTHER COMPETENT AUTHORITY

- 24.1 On the Scheme being approved by the requisite majorities of the members of Kingfisher, DCL and the members of Deccan, all Kingfisher, DCL as well as Deccan shall respectively with all reasonable dispatch, make applications / petitions to the Court for sanctioning this Scheme under Sections 391 to 394 of the Act read with Section 78 and 100 to 103 and other applicable provisions of the Act for carrying this Scheme into effect. It is hereby clarified that submission of the Scheme to the Court and to any authorities for their respective approvals is without prejudice to all rights, interests, titles and defenses Kingfisher, DCL and Deccan has or may have under or pursuant to all applicable laws.

25. MODIFICATIONS/AMENDMENTS TO THE SCHEME

- 25.1 Kingfisher, DCL and Deccan may in their full and absolute discretion, assent from time to time, on behalf of all persons concerned to any modifications or amendments to the Scheme or agree to any terms and / or conditions which the Court and / or any other authorities under law may deem fit to approve of or direct or impose or which may otherwise be considered necessary or desirable or appropriate by them in the best interest of the members for settling any questions or doubt or difficulty that may arise, whether by reason of any Order of the Court or of any directive or orders of any other authorities or otherwise howsoever, arising out of, under or by virtue of this Scheme and for the implementation and / or carrying out of the Scheme, or in any matter connected therewith and to do all acts, deeds, matters and things and take all such steps as may be necessary, desirable or expedient for putting the Scheme into effect. The aforesaid powers of Kingfisher, DCL and Deccan may be exercised by their respective Boards, a committee or committees of the concerned Board or any Director authorized in that behalf by the concerned Board.

26. SCHEME CONDITIONAL ON APPROVALS/SANCTIONS

Various Parts of the Scheme are conditional upon and subject to the following approvals/permissions as may be applicable and the Arrangement shall be deemed to be completed on the respective Effective Date:

- (a) The approval of the Scheme by the requisite majorities of such classes of shareholders of Kingfisher, DCL and Deccan, as may be directed by the Court on the applications made for directions under Section 391 read with section 78 and 100 to 103 of the Act for calling meetings and necessary resolutions being passed under the Act.
- (b) The sanctions of the Court of the Scheme under Sections 391 and 394 of the Act read with Section 78 and 100 to 103, in favour of Kingfisher, DCL and Deccan and to the necessary Order or Orders under Section 394 of the Act being obtained and the same being filed with the Registrar of Companies.
- (c) The Sanction or Approval under any law of the Central Government or any other agency, department or authorities concerned in respect of any of the matters in respect of which such sanction or approval, if any, is required.
- (d) The Scheme shall be subject to such modifications as the Court while sanctioning such arrangement of Kingfisher, DCL and Deccan may direct the Scheme once sanctioned will be binding on all concerned.
- (e) Notwithstanding anything contained hereinabove, the Scheme shall also become effective in terms of and upon the fulfillment of requirements of any other law that may be brought into force in this behalf before the Scheme otherwise becomes effective as hereinbefore provided.

27. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS

27.1 In the event of any of the said sanctions and approvals referred to in clause 26 above not being obtained and / or the Scheme not being sanctioned by the Court and / or the Order or Orders not being passed as aforesaid by March 31, 2009 (or such extended time as may be mutually agreed between Kingfisher, DCL and Deccan), the Scheme shall by mutual consent of Board of Directors of Kingfisher, DCL and Deccan become null and void and shall stand revoked, cancelled and be of no effect and in that event no rights and liabilities whatsoever shall accrue to or be incurred by parties inter se, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or may otherwise arise in law.

28. EXPENSES CONNECTED WITH THE SCHEME

28.1 All costs, charges and expenses in connection with the Scheme and of carrying on or completing the terms and provisions of the Scheme including any incidental charges shall be borne and paid by Deccan.

29. RESOLUTION OF DOUBTS/DIFFERENCES

29.1 If any doubt or difference or issue shall arise between the parties hereto or any of their shareholders, creditors, employees and / or any other person as to the construction hereof or as to any account or apportionment to be taken or made of any asset or liability transferred under this Scheme or as to the accounting treatment thereof or as to anything else contained in or relating to or arising out of this Scheme, the same shall be decided by the mutual agreement between the Board of Directors of Kingfisher, DCL and Deccan whose decision shall be final and binding on all concerned.

Schedule I

Commercial Airline Division Undertaking

Part 'A'

Assets

The following Aircrafts :

Serial No.	Manufacturer / Model	DGCA Registration No.
1	Airbus - A 320	VT - KFA
2	Airbus - A 320	VT - KFB
3	Airbus - A 320	VT - KFC
4	Airbus - A 320	VT - KFD
5	Airbus - A 320	VT - KFE
6	Airbus - A 320	VT - KFF
7	Airbus - A 320	VT - KFG
8	Airbus - A 319	VT - KFH
9	Airbus - A 319	VT - KFI
10	Airbus - A 319	VT - KFJ
11	Airbus - A 320	VT - KFK
12	Airbus - A 320	VT - KFL
13	Airbus - A 320	VT - KFM
14	Airbus - A 321	VT - KFN
15	Airbus - A 321	VT - KFP
16	Airbus - A 321	VT - KFP
17	Airbus - A 321	VT - KFR
18	Airbus - A 319	VT - VJM
19	Airbus - A 321	VT - KFS
20	Airbus - A 320	VT - KFT
21	Airbus - A 320	VT - KFT
22	Airbus - A 321	VT - KFW
23	Airbus - A 320	VT - KFX
24	Airbus - A 321	VT - KFY
25	Airbus - A 321	VT - KFZ
26	Avions de Transport Regionale - ATR 72	VT - KAA
27	Avions de Transport Regionale - ATR 72	VT - KAB
28	Avions de Transport Regionale - ATR 72	VT - KAC
29	Avions de Transport Regionale - ATR 72	VT - KAD
30	Avions de Transport Regionale - ATR 72	VT - KAE
31	Avions de Transport Regionale - ATR 72	VT - KAF
32	Avions de Transport Regionale - ATR 72	VT - KAG
33	Avions de Transport Regionale - ATR 72	VT - KAH
34	Avions de Transport Regionale - ATR 72	VT - KAI
35	Avions de Transport Regionale - ATR 72	VT - KAJ
36	Avions de Transport Regionale - ATR 72	VT - KAK
37	Avions de Transport Regionale - ATR 72	VT - KAL
38	Avions de Transport Regionale - ATR 72	VT - KAM
39	Avions de Transport Regionale - ATR 72	VT - KAN
40	Avions de Transport Regionale - ATR 72	VT - KAP

Other fixed assets of the Airline Division Undertaking and such other assets as may agreed between Kingfisher and Deccan.

'Part B'

Loans relating to the Airline Division Undertaking

Schedule II

Charter Services Operations Undertaking

'Part A'

Assets

The following Aircrafts :

Serial No.	Manufacturer / Model	DGCA Registration No.
1	Pilatus Aircraft Limited - PC 12 / 45	VT - DAV
2	Raytheon Beechcraft - Kingair B 200	VT - DAF
3	Bell Helicopters Textron Inc. - 206 L3	VT - DAK
4	Bell Helicopters Textron Inc. - 206 L3	VT - DAL
5	Bell Helicopters Textron Inc. - 206 B3	VT - DAN
6	Bell Helicopters Textron Inc. - 407	VT - DAS
7	Bell Helicopters Textron Inc. - 407	VT - DAW
8	Eurocopter Helicopter - AS 355 F1	VT - DAX
9	Bell Helicopters Textron Inc. - 407	VT - DAZ
10	Bell Helicopters Textron Inc. - 206 B3	VT - NTV
11	Pilatus Aircraft Limited - PC 12 / 45	VT - DAR
12	Bell Helicopters Textron Inc. - 212	VT - DAM
13	Bell Helicopters Textron Inc. - 412	VT - DAI

Other fixed assets of the Charter Services Operations Undertaking and such other assets as may agreed between Deccan and DCL.

'Part B'

Loans relating to the Charter Services Operations Undertaking

SCHEDULE III

Trademarks

MARK NAME	APPLICATION/ REGISTRATION NO.
KINGFISHER and Design	77/385,479
FLY KINGFISHER and Design	77/385,516
FLY KINGFISHER	77/385,713
KINGFISHER HOLIDAYS	77/385,742
FLY THE GOOD TIMES	77/385,640
MISCELLANEOUS DESIGN	77/385,914
KINGFISHER AIRLINES and Design	76/651,227
TECHXPRESS	77/399,389